

Department Achievements and Improvements

Indiana Tax Amnesty -- In 2005, House Enrolled Act 1004 went into effect, opening the door to Indiana's first and only tax amnesty program. The Department of Revenue was responsible for implementing and managing the program, which was targeted to collect \$65 million in delinquent tax revenue. At the close of the program; however, the Department delivered more than \$244 million in amnesty collections.

Protests and Appeals -- The Legal division's backlog of protest/appeals has been reduced from more than 500 cases to 287. In addition, key performance metrics have been established in this division, which targets cases to be worked and resolved in 90 days or less.

Inheritance Tax Audits -- Despite a reduction in staff from 15 to nine employees, the inheritance tax section, part of the Legal division, has significantly reduced the amount of time it takes to complete an inheritance-tax audit. Now, instead of taking four months to complete an audit, the inheritance tax section completes audits regularly in an average of one week.

Electronic Filing -- Processing a paper return costs the Department a little more than \$1, while processing a return electronically costs an estimated 4 cents. This cost efficiency sparked a marketing-communication effort in 2006 to encourage electronic filing during the 2006 individual income tax season. Electronic filing overall increased by 20 percent in 2006, versus the same time period in 2005.

I-File -- Following a major upgrade of the state's online I-File program for filing individual income taxes, taxpayer usage increased by 17 percent in 2006, when compared with 2005 usage. In addition, survey data from more than 1,000 taxpayers shows that 94 percent of 2006 I-File users were satisfied with their experience. Likewise, 95 percent were likely to use it again, and 96 percent would recommend it to someone else.

Training -- The Department has developed a comprehensive internal training program to address competencies in key operational functions. One key training need identified is customer-service training. In 2005, mandatory customer-service training was established and has been delivered throughout the Department -- with more than 700 employees having completed the program. Now it is a mandatory part of the new-employee orientation process. Additionally, a fully comprehensive supervisory training program has been established. Currently, more than 150 Department management employees have participated in the training, ranging from listening and coaching to performance-management planning.

Improvements in Taxpayer Service and Education

The Department conducts workshops and seminars throughout the year for various segments of the public. Several seminars are offered to Indiana tax professionals on subjects such as Federal/State e-File and for Purdue and Indiana universities' annual tax schools.

The Department also provides information and tax training handbooks to Volunteer Income Tax Assistance volunteers and other groups that provide free tax preparation for disabled and low-to-moderate-income taxpayers. The materials and instructional seminars cover changes in tax legislation and policies. In addition, workshops are conducted specifically for new and small businesses on topics such as sales and use tax, and about how to get started on the right track with the Indiana Department of Revenue, among others important topics.

Seeking taxpayer input on a mass scale is important for gathering feedback that can be generalized to the larger taxpayer population. The Department's newly revamped public relations division regularly seeks taxpayer input through surveys, focus groups, Web feedback e-mail and the Department's annual meeting in June.

In addition, the Department's taxpayer services division, alone, assisted the following numbers of taxpayers in fiscal year 2006:

- Telephone Calls: 394,366
- E-mails: 33,427
- Walk In: 14,258
- Correspondence: 21,785



Increases in the Enforcement Capability of the Department :

In FY 2006, the Department suggested new legislation for consideration during the 2006 General Assembly. The suggestions focused on increasing the efficiency and effectiveness of tax collection in Indiana. As a result, Senate Enrolled Act 362 was passed, and provides for the following improvements in the coming year:

- **Sales Tax Enforcement** -- The most abused tax in terms of delinquency is sales tax, with some businesses collecting the tax from customers, but then failing to pay it to the state. SEA 362 provides the Department, effective Jan. 1, 2007, with new leverage in enforcing sales tax remittance. The legislative provision requires biennial renewal of all retail merchant certificates (RMC), and prohibits those businesses that are not current on sales tax from renewing their RMCs. This provides leverage in that sales merchants are not permitted to transact business in the state of Indiana without an RMC.
- **Collection Compression** -- SEA 362 also provides legislation to compresses the tax-collection timeframe from two years to one year. This compression will enable the Department to collect taxes owed more quickly, instead of allowing delinquencies to linger in the administrative and judicial systems. With this provision, both taxpayers and the Department will find resolution on tax issues significantly sooner.

